

Overall, Regulation Z; Docket No. R 1366 recommends positive changes concerning the mortgage industry. The field of lending has become too complicated for the average consumer to understand. Disclosures, in particular, are simply not easy to comprehend. This proposed rule change addresses the heart of the matter regarding disclosing terms of a loan. The rule outlines among many other things, when consumers should receive disclosures and what they should address. The proposed rule should have some very positive effects on the industry however; the authors should also be aware of the unintended consequences.

I have worked in the financial services field for over twenty years and have first-hand knowledge and experience with the Truth and Lending documents being addressed. Lending as an industry needs to become more transparent in order for everyone involved to benefit. The proposed changes do a nice job addressing a number of items that give the public the most problems. Outlining time frames consumers have when initially reviewing disclosures is a good start. Preventing money from being collected up front aside from a credit report fee when an application is not taken face to face will help protect borrowers from being rushed into a transaction. Re-disclosing the terms of the transaction three days before consummation and if the annual percentage rate changes are all good steps. Adding the trigger of an adjustable rate feature as a cause for re-disclosing will help ensure that everyone involved understands the new terms of the transaction. Clarifying fees that affect the annual percentage rate in understandable terms will take quite a bit of mystery out of the process. There are far too many categories of fees that are lumped into or out of the annual percentage rate for any lay person to have a clear

understanding. Limiting compensation on certain loan products will also be a proactive step towards helping improve the industry as a whole. Clearly set out tables explaining the difference between fixed rates and adjustable mortgages is a brilliant move. Again, simple to understand terms and language will help take the mystery out of the process.

While the rule does has a number of positive effects it will be important for everyone involved to understand what are the draw backs as well. Strict timelines will need to be adhered to in order for lenders to remain in compliance. As mentioned earlier the clarification is positive but it will potentially add time to the transaction. Real Estate contracts are time sensitive. These changes may extend or draw out the process beyond the contracts commitment period. Everyone involved must have a clear understanding of what the timelines involve and what occurs when change takes place. As an example, if a borrower decides to change a loan program from a fixed product to an adjustable because circumstances changed, this will add on to the entire process which may have adverse effects on other parties. In some cases a waiver may be signed however; it will be up to the lender to allow this option to be exercised. Another potential problem will involve interpretation and implementation. This proposed rule document is one hundred and ninety five pages long. Every lender involved needs to understand the intent and implement the changes correctly. As important as it is for consumers to have a better understanding of terms it is equally important for the lender to be just as clear in the author's intent.

The lending industry as a whole needed to be updated. The last six years has brought too many products that needed to be better explained to the public. By clarifying the process consumers will be more comfortable entering into their largest purchase.

Financing should not require special training to be understood. Plain direct language will help untangle the process that is lending. This proposed rule addresses many of the issues that confuse not only consumers but people within the industry as well. Lending is always going to be changing. It is important for regulators to be aware of this and work towards changing as well. Regulation Z; Docket No. R-1366 should make everyone involved in the mortgage process feel more comfortable with it.